

The complaint

Mr B is unhappy that a car supplied to him under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance ('Northridge') was of an unsatisfactory quality.

What happened

In February 2023, Mr B was supplied with a used car through a hire purchase agreement with Northridge. He paid a deposit of £5,000 and the agreement was for £26,692 over 48 months; with 47 monthly payments of £403.97 and a final payment of £13,996. At the time of supply, the car was around four years old, and had done 46,206 miles.

On 17 June 2023, when the car had done 50,991 miles, it lost power and needed to be recovered. Mr B arranged for the car to be taken back to the supplying dealership where faults were discovered with the alternator, DC convertor, and hybrid battery.

Due to the time being taken for the car to be repaired, Mr B complained to Northridge. They said they were arranging for the car to be repaired, at no cost to Mr B, but there was a delay in this due to the complexity of the issues. And, from 1 November 2023, Mr B was provided with a courtesy car. Unhappy with what had happened, Mr B brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was a fault with the car which made it of an unsatisfactory quality when it was supplied. However, the Consumer Rights Act 2015 ('CRA') gave Northridge the right of repair, which was what was happening.

However, the investigator said that Northridge should also refund Mr B the payments he'd made while he was without any transportation, refund him 10% of the payments he was making while he had the courtesy car, and pay him an additional £200 for the distress and inconvenience he'd suffered.

After some consideration, and after the repaired car had been returned to him in late December 2023, Mr N accepted the investigator's opinion. However, Northridge didn't respond, so this matter has been passed to me to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I

consider was good industry practice at the time. Mr B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The CRA says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Northridge are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Northridge can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr B to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr B took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Northridge to put this right.

In this instance, it's not disputed there were faults with the car, nor that these faults were present when the car was supplied to Mr B and made it of an unsatisfactory quality. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think Northridge should do to put things right.

Putting things right

The car was off the road and undrivable between 17 July and late-December 2023. During this period, Mr B was only supplied with a courtesy car from 1 November 2023 onwards. So, for a period of around three and a half months Mr B was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Northridge failed to keep Mr B mobile; I'm satisfied they should refund the payments he made during the period 17 July to 30 October 2023.

To clarify, this is to cover Mr B's transport costs for this period. I'm aware that Mr B says he had an agreement with the dealership that they would refund his taxi costs during this period. However, if this were to happen then Mr B would be in a position of betterment i.e., he would essentially be in a position whereby he had no transportation costs, which is something that wouldn't have been the case if the car wasn't faulty. As such, I won't be asking Northridge to both refund the payments and cover Mr B's taxi costs.

I've also considered Mr B's request for a refund of his road tax, car insurance, and breakdown cover during this period. However, it's a legal requirement for the car to be taxed and insured, and this would include any period the car wasn't being used, for example when it's being repaired. And Mr B has benefitted from his breakdown cover when the car was recovered, and this cover remains in place now the car has been returned to him. Given this, I won't be asking Northridge to reimburse any of these costs.

As I've said above, Mr B was provided with a courtesy car from 1 November 2023 until the car supplied by Northridge was returned to him in late December 2023. The courtesy car wasn't of a like-for like for the car supplied by Northridge, and Mr B was therefore not receiving the full benefit he was paying for. As such, I think a 10% refund of the November

and December 2023 payments fairly reflects the loss of enjoyment Mr B suffered during this period.

Finally, it's clear that Mr B has been inconvenienced by what's happened, and by the extensive period he was left without alternate transport. So, I think Northridge should compensate him for this. The investigator had recommended Northridge pay him £200, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, Northridge should:

- remove any adverse entries relating to this agreement from Mr B's credit file for the period July to December 2023;
- refund 100% of the repayments Mr B made covering the period 17 July to 31 October 2023;
- refund 10% of the payments Mr B made for the period November and December 2023; and
- pay Mr B an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

†If HM Revenue & Customs requires Northridge to take off tax from this interest, Northridge must give Mr B a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr B's complaint about N.I.I.B. Group Limited trading as Northridge Finance. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 May 2024.

Andrew Burford
Ombudsman